Cap-and-Trade Public Meeting

Introduction October 24, 2005

Executive Order Established Statewide GHG Targets

By 2010, Reduce to 2000 Emission Levels*

By 2020, Reduce to 1990 Emission

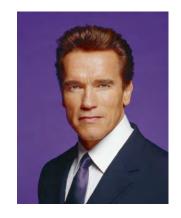
Levels**

By 2050, Reduce to 80% Below 1990

Levels

* Equals 59 Million Tons Emission Reductions, 11% Below BAU

** Equals 145 Million Tons Emission Reductions, 25% Below BAU



Other Directives in the EO

- CalEPA to Lead a Coordinated Effort
- Scenario Analysis to Evaluate Impacts on:
 - Public Health
 - Water Quality and Supply
 - Agriculture
 - Forests
 - Coastline
 - Will Include Adaptation Planning

CAT Subgroups

- CAT Representatives and DOF,
 Scientists and Experts as Appropriate
- Cap and Trade Subgroup
 - Options for Climate Change Emission Capand-Trade Program
 - Pros and Cons
- Scenario Analysis Subgroup
 - Impacts on CA of Climate Change
 - Builds on CEC Climate Science Effort and PNAS Study

What is Cap and Trade?

- Market-based policy to reduce emissions to a specific limit: the cap.
- Specific entities are under the cap. Entities must hold "Emission Allowances."
- Emission Allowances may be traded: the trade portion of cap and trade.

Why Consider Cap and Trade?

- Efficiency: Emission limit achieved at least cost
- Certainty of Emissions: Total emissions limited to the cap; The cap can be lowered over time to the target levels
- Flexibility: Allows flexibility regarding how best to reduce emissions; Allows for innovation.

Discussion Draft -- Program Design Options

- Discussion Draft available for review and comment
 - Subgroup discussion document
 - Climate Action Team will draw from Subgroup effort
- This meeting:
 - Brief overview of four areas, Scope,
 Allowance Distribution, Offsets, Other
 Considerations
 - Comments and dialogue for each area
- Additional comments may be provided in writing through October 31, 2005